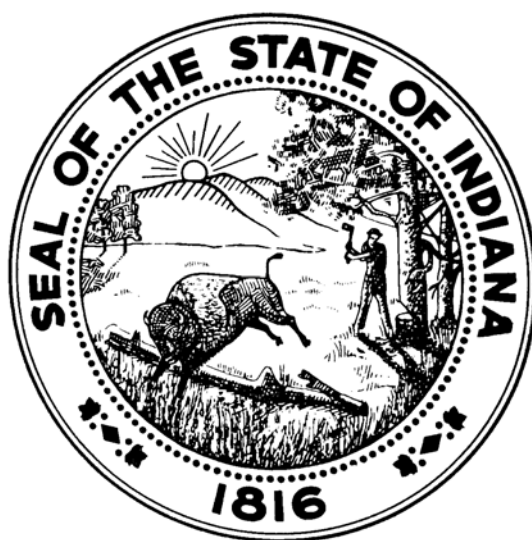


ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUAL FOR LIBRARIES



Reissued 2002

PREFACE

This Accounting and Uniform Compliance Guidelines Manual is for use by all public libraries in the State of Indiana. We urge each library board member, treasurer, and library director to carefully study the manual and refer to it often. Only by proper use of the manual will it serve the purpose for which it has been developed.

We will make every effort, as changes develop or new problems arise, to keep the manual current by issuing revisions and supplemental material. When received, you should see that new material is placed in the manual and, where indicated as "revised," the former material discarded. The manual is issued for the use of the library officials and shall be preserved for future reference as property of the library.

We hope you will find the manual to be helpful and we invite all library officials to offer suggestions for its improvement.

Charles Johnson, III, CPA
State Examiner

Michael A. Fiwek, CPA
Deputy State Examiner

Marilyn S. Rudolph, CPA
Deputy State Examiner

INTRODUCTION

Indiana public libraries draw their powers and authority from the various library laws included in Title 20, Article 14 of the Indiana Code [IC 20-14]. Libraries are subject to the regulations included in these laws and in other general statutes which apply to all political subdivisions.

IC 20-14-3-2 gives the library board the authority to govern and set policy for all the affairs of the library. This includes the power to establish funds to keep money and securities of the library [IC 20-14-3-10].

Chapter 1 discusses various regulations and laws regarding the activities of the board, the conduct of meetings, public records, and the administration of the library. It also includes a calendar summarizing the year's activities.

Chapter 2 discusses budgeting and appropriations as well as the sources and uses of funds for libraries.

Chapter 3 covers the financial accounting and record keeping activities required of libraries.

Chapter 4 discusses prescribed forms, taxes, and general information.

Chapter 5 provides information related to computer systems and the internal control requirements for those systems.

Chapters 6 through 13 overview the statutory requirements and uniform compliance guidelines related to public proceedings, public records, conflict of interest, compensation and benefits, deposit and investment of public funds, public purchases, inventory of fixed assets, public works projects, leases, and disposal of real or personal property.

GENERAL INFORMATION

LEGAL REFERENCES

Throughout this Manual, legal references are furnished, where applicable, to facilitate locating statutes, opinions of the Attorney General, and Court decisions touching on the subject discussed. These references are only to assist in the resolution of questions and should not be construed as legal opinions of the State Board of Accounts. If a question arises that is not answered by one of the references furnished, or if a statute, opinion or court decision requires further interpretation, consult the library attorney.

All references to statutes are to the Indiana Code and to the title, article, chapter, and section of the Code. For example, IC 5-11-1-2 refers to Title 5, Article 11, Chapter 1, Section 2 of the Code.

In using the Indiana Code it is important to remember that the entire Code is not reprinted each year and the latest supplemental volume(s) should always be reviewed for any laws which may have been enacted since the entire Code was last reprinted.

References to Official Opinions of the Attorney General are usually shown as "OAG" followed by the number of the opinion and the year it was issued, or if no number was assigned, the exact date of issuance.

This manual is intended to be used only as a guide to certain laws governing library operations; it does not contain all laws pertaining to library operations. The Indiana Code and any applicable federal regulations should be consulted in conjunction with all library transactions and operational procedures.

CHAPTER AND PARAGRAPH HEADINGS

The chapter and paragraph headings contained in this manual are for convenience of the reader only and have no other significance, legally or otherwise.

TABLE OF CONTENTS

Preface	i
Introduction	ii
General Information	iii

CHAPTER 1 LIBRARY BOARD OF TRUSTEES

Board Members	1-1
Board Meetings	1-1
Treasurer	1-1
Official Bond of Treasurer and Employees	1-2
Annual Library Reports	1-3
Fines and Fees	1-3
Statewide Library Card Program	1-4
Calendar of Financial Records and Activities:	
General Duties of All Months	1-6
Other Administrative Responsibilities	1-10

CHAPTER 2 BUDGETS AND APPROPRIATIONS

Tax Rates	2-1
Budget Preparation:	
Revenue Sources	2-1
Budget Cycle Overview	2-3
Expenditure Classifications	2-3
Library Budget Forms	2-5
Publication of Budget Notice to Taxpayers	2-5
Public Notice Errors	2-6
Advance Draws	2-7
Bond Issues	2-7
Library Capital Projects Fund	2-11
Appropriations	2-14

CHAPTER 3 FINANCIAL ACCOUNTING AND RECORD KEEPING PROCEDURES

Library Funds	3-1
Library Operating Fund	3-1
Construction Fund	3-2
Bond Interest and Redemption Fund	3-3
Rainy Day Fund	3-3
Library Improvement Reserve Fund	3-3
Gift Fund	3-7
Contractual Service Fund	3-9
Levy Excess Fund	3-9
PLAC Card Fund [IC 4-23-7.1-5.1]	3-9
Library Capital Projects Fund	3-10
State Grant Funds	3-10
Dormant Fund Balances	3-10

Prescribed Forms and Accounting Procedures for Libraries -----	3-10
Prescribed Forms:	
Library Financial and Appropriation Record -----	3-10
Public Library Warrant -----	3-15
Daily Record of Desk Collections -----	3-16
Accounts Payable Voucher -----	3-16
Bond Register -----	3-17
Contractor-s Combination Bid Bond and Bond for Construction -----	3-17
Contractor-s Bond for Construction -----	3-17
Contractor-s Bid for Public Work -----	3-17
Purchase Order -----	3-18
Payroll Claim -----	3-18
Employee-s Service Record -----	3-19
Employee-s Earnings Record -----	3-19
Employee-s Weekly Earning Record -----	3-20
Publisher-s Claim -----	3-20
Report of Names, Addresses, Duties and Compensation of Public Employees -----	3-20
Mileage Claim -----	3-20
Register of Investments -----	3-21
Register of Insurance -----	3-23
Ledger of Appropriations, Encumbrances, Disbursements and Balances -----	3-25
Accounts Payable Voucher Register -----	3-26
General Fixed Asset Account Group Ledger -----	3-26
Monthly Report -----	3-26
Procedure For Payment of Bills -----	3-26
Signature Stamps -----	3-29
Cancellation of Warrants - Old Outstanding Checks -----	3-29
Cash Change Fund - Procedures to Establish -----	3-29
Vacation, Sick Leave, Paid Holidays and Other Leave -----	3-29
Group Insurance -----	3-30
Optical Images of Checks -----	3-30
Collection Agencies -----	3-30

CHAPTER 4 PRESCRIBED FORMS, TAXES, AND GENERAL INFORMATION

Prescribed Forms -----	4-1
State and Federal Taxes -----	4-3
General Information -----	4-4

CHAPTER 5 COMPUTER SYSTEMS

Computer Systems -----	5-1
Internal Control Requirements for Accounting Systems	
Information Technology Processing Controls -----	5-3

CHAPTER 6 PUBLIC PROCEEDINGS AND PUBLIC RECORDS

Access to Public Proceedings -----	6-1
Access to Public Records [IC 5-14-3] -----	6-2
Preservation and Destruction of Public Records -----	6-5
Retention Schedules -----	6-9

CHAPTER 7
CONFLICT OF INTEREST

Public Servants - Statutory Conflict of Interest [IC 35-44-1-3]	7-1
Consultants - Statutory Conflict of Interest [IC 5-16-11]	7-3
Lucrative Office	7-4

CHAPTER 8
COMPENSATION AND BENEFITS

Compensation and Benefits	8-1
Records of Hours Worked	8-2
Unemployment Compensation	8-2
Public Employee's Retirement Fund (PERF)	8-2
Public Employee Deferred Compensation Plans	8-3
Travel Policy	8-3
Commuting Mileage	8-4
Moving and Interview Expenses	8-4
Cost Savings Incentive Programs	8-4
Private Property	8-4
Personal Property Use	8-4
Personal Expenses	8-5
Purchasing Bonuses	8-5
Suspension With Pay	8-5
Severance Pay	8-5

CHAPTER 9
DEPOSIT AND INVESTMENT OF FUNDS

Designation of Depositories	9-1
Deposits in Transaction Accounts	9-4
Certificates of Deposit	9-4
Depositing Receipts	9-6
Electronic Funds Transfers	9-6
Authority for Investments	9-6
Authorized Investments	9-6
Investments Not Authorized by Statute	9-9
Interest on Investments	9-9
Public Deposit Insurance Fund	9-10
Service Charges	9-10
Manner of Investing Funds	9-10
Procedures for Purchasing Investments	9-11
Procedure for Posting Records at the Time Investments are Purchased or Sold	9-12
Investment Cash Management	9-13
Trusts and Endowments	9-14
Investment Report	9-14

CHAPTER 10 PUBLIC PURCHASES AND INVENTORY OF FIXED ASSETS

General Provisions -----	10-1
Competitive Bidding -----	10-1
Specifications -----	10-4
Request for Proposals -----	10-4
Small Purchases -----	10-6
Special Purchasing Methods -----	10-7
Purchases From the Department of Corrections -----	10-10
Purchase of Rehabilitation Center Products -----	10-10
Purchase From Qualified Nonprofit Agencies for Persons with Severe Disabilities -----	10-11
Small Business Set-Aside Purchases -----	10-11
Petroleum Products -----	10-12
Services -----	10-13
Qualifications and Duties of Offerors -----	10-13
Purchasing Preferences -----	10-15
Contract Provisions -----	10-18
Other Administrative Requirements -----	10-19
Overpayment Collections -----	10-21
Advance Payments -----	10-21
Purchasing Bonuses -----	10-21
Cooperative Purchases by Local Libraries -----	10-22
Fixed Assets -----	10-22

CHAPTER 11 PUBLIC WORKS LAW

General Provisions -----	11-1
Public Work Projects for Which Advertising and Bidding is Required -----	11-1
Public Work Projects Costing More Than \$100,000 - Additional Procedures -----	11-4
Public Work Costing Less Than \$25,000 [IC 36-1-12-5] -----	11-6
Use of Own Work Force -----	11-7
Division of Public Work Projects [IC 36-1-12-19] -----	11-7
Emergency Contracts -----	11-7
Use of United States Steel Products -----	11-7
Procedure for Hiring Architects, Engineers, or Land Surveyor [IC 5-16-11.1] -----	11-7
Prevailing Wage/Common Construction Wage -----	11-8
Discrimination by Contractors and Subcontractors Prohibited -----	11-8
Overpayment Collections -----	11-9
Advance Payments -----	11-9
Purchasing Bonuses -----	11-9
Public-Private Agreements -----	11-9

CHAPTER 12 LEASES

Lease With No Option to Purchase -----	12-1
Lease With Option to Purchase -----	12-1
Major Provisions of IC 20-14-10 -----	12-3
Computer Hardware and Software - Lease With Option to Purchase -----	12-6
Joint Leasing -----	12-6

CHAPTER 13
DISPOSAL OF REAL OR PERSONAL PROPERTY [IC 36-1-11 and IC 5-22-22]

Sale or Transfer of Real Property	13-1
Special Provisions Regarding Certain Sales or Transfers of Real Property	13-3
Leaseback Provision or Option to Repurchase	13-4
Sale or Transfer of Surplus Personal Property	13-5
Special Provisions Regarding Certain Sales or Transfers of Personal Property	13-6
Lease of Property	13-6

INDEX

APPENDIX